



## Compensation Committee Charter

### Purpose

The Compensation Committee (the "Committee") of the Company is appointed by the Board of Directors (the "Board") of Safeguard Scientifics, Inc. (the "Company"). The Board has determined to establish the governing principles of the Committee through the adoption of this Charter. The Committee's purposes shall be:

- A. to establish and administer the Company's compensation plans and periodically review the Company's compensation policies and benefit programs and how they relate to the attainment of the Company's goals;
- B. to recommend to the Board the compensation philosophy and guidelines for the entire executive and managerial group, giving emphasis to long-term results and maximizing shareholder value;
- C. to establish compensation arrangements and incentive goals for the Chief Executive Officer ("CEO") and all executive officers;
- D. to annually evaluate management performance and award incentive compensation as appropriate based upon results;
- E. to review the Compensation Disclosure & Analysis ("CD&A") section of the proxy statement and make a recommendation to the Board of Directors regarding its inclusion in the Form 10-K and proxy statement;
- F. to prepare the report required by the rules of the Securities and Exchange Commission (the "SEC") for inclusion in the Company's annual proxy statement; and
- G. to discharge such other duties and responsibilities as may be required of the Committee by the provisions of applicable law or rule or regulation of the New York Stock Exchange.

### Primary Responsibilities and Duties

The Committee has the following primary responsibilities and duties:

#### A. Compensation Philosophy and Plans

1. Periodically review, consider, and approve the philosophy for compensation of the Company's executive officers and other employees.
2. Establish compensation plans and programs for executive officers and other employees, including incentive and equity-based programs.
3. Periodically review the compensation plans and programs for the executive officers and other employees, ensuring appropriate levels of incentive to management and aligning management's goals with the interests of shareholders, and report the results of, and recommendations resulting from, such review to the Board.
4. Administer the Company's short-term and long-term compensation plans and all equity-based programs. All grants or awards of equity based compensation shall be effective, and shall be priced, on the actual date of grant or award or such later (but not earlier) date as may be designated by the Committee, the Board or, pursuant to delegated authority, by the CEO.
5. Review and approve any contracts or other transaction with any executive or former executive of the Company, including consulting arrangements, employment agreements, and severance or termination arrangements.
6. Review management's recommendations on key health, retirement, and other employment related benefits plans. The Committee shall approve new plans and substantive changes to any existing benefit plans. The Committee shall review reports on the adequacy and diversity of investment fund options in the Company's 401(k) plans and the employee education programs provided regarding participation in the 401(k) program.
7. Monitor the requirements of Section 162(m) of the Internal Revenue Code of 1986, as amended, and determine the extent to which the Company should comply with its provisions and any steps that the Committee must take in order to comply with such provisions.
8. Monitor compliance with Sections 304 and 402 of the Sarbanes-Oxley Act of 2002, relating, respectively, to forfeiture of certain bonuses and profits by the CEO and Chief Financial Officer and to the prohibition on personal loans by the Company to the directors and officers of the Company.

#### B. Specific Compensation Amounts and Incentives

1. Establish annual base salary amounts for executive officers and, based upon discussions with the CEO in advance of the commencement of the fiscal year or as soon after the commencement of the fiscal year as reasonably possible, establish annual incentive opportunity levels and financial and any other goals to be met to earn short-term and long-term incentive awards for executive officers of the Company.
2. Establish compensation levels for new executive officers and other highly compensated employees.
3. Determine the amounts of short-term and any long-term incentive awards and any adjustments to the annual base salary amounts for the CEO.
4. With the participation of the CEO, evaluate the performance of the other executive officers and determine the

amounts of short-term and any long-term incentive awards and any adjustments to the annual base salary amounts.

**C. Review of Compensation Disclosure and Analysis**

The Committee shall review the CD&A section prepared for inclusion in the Company's annual proxy statement. Such review shall include, as appropriate, discussions with members of management and such other persons as the Committee deems appropriate, which may include the Committee's compensation consultants. Following such review, the Committee shall determine whether to recommend to the Board of Directors that the CD&A be included in the Form 10-K and annual proxy statement.

**D. Proxy Report**

The Committee shall prepare the Compensation Committee Report for inclusion in the Company's annual proxy statement in accordance with SEC regulations.

**E. Non-Employee Director Compensation**

The Committee shall review periodically the compensation of non-employee directors and the principles upon which such compensation is determined, and recommend to the Board, for its approval, the components and amounts of compensation for non-employee directors.

## **Other Powers and Responsibilities**

The Committee has the following other powers and responsibilities:

**A. Evaluations**

The Committee shall review and assess the performance of the Committee annually and deliver a report to the Board setting forth the results of its evaluation. In conducting this review, the Committee shall address matters that it considers relevant to its performance, including at a minimum, the adequacy, appropriateness and quality of the information and recommendations presented to the Board, the manner in which they were discussed or debated, and whether the number and length of meetings of the Committee were adequate for the Committee to complete its work in a thorough and thoughtful manner.

**B. Reports**

The Committee shall make regular reports to the Board on its activities, including describing matters discussed and all actions taken by the Committee at each meeting of the Committee, and shall make such recommendations to the Board as it deems appropriate.

**C. Retention of Professional and Other Advisors**

The Committee shall have the sole authority to retain, set compensation and retention terms for, and terminate any compensation or other consultants, legal counsel or other advisors that the Committee determines to employ or retain to assist it in the performance of its duties. The Company shall provide appropriate funding, as determined by the Committee, for the Committee to retain such advisors and provide for ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties, in each case without requiring the Committee to seek Board approval. The Committee shall have access to internal advisors and all other resources within the Company to assist it in carrying out its duties and responsibilities.

**D. Revision of Charter**

The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for its approval.

**E. Miscellaneous**

The Committee shall perform any other activities consistent with this Charter, the Company's Articles of Incorporation, Bylaws and governing law, as the Committee or the Board deems necessary or appropriate.

## **Membership and Organization of Committee**

**A. Size of Committee**

The Committee shall consist of at least three directors.

**B. Member Qualifications**

All members of the Committee must be independent. A director shall qualify as independent if the Board has affirmatively determined that the director has satisfied the basic independence criteria set forth in the Company's Corporate Governance Guidelines. In addition, members of the Committee, or a sub-committee consisting of at least two directors, will need to qualify as (1) "outside directors" as defined under Section 162(m) of the Internal Revenue Code of 1986, as amended, to approve performance goals tied to awards that are intended to meet the requirements of Section 162(m) for deductibility of compensation in excess of \$1,000,000 and (2) "non-employee directors" as defined under Rule 16b-3 of the Securities Exchange Act of 1934, as amended, to facilitate the availability of the exemptive provisions of that rule relating to grants and awards of Company securities. In the event that such a sub-committee is formed, such sub-committee shall have, in lieu of authority that would have been vested in the Committee under this Charter, sole authority to approve such performance goals, grants and awards.

**C. Appointment**

The members of the Committee shall be nominated by the Nominating & Corporate Governance Committee and appointed by a majority of the Board. The Nominating & Corporate Governance Committee shall recommend, and the

Board shall designate, one member of the Committee to serve as Chairperson. If the Chairperson is absent from a meeting, another member of the Committee may act as Chairperson.

**D. Term**

Members of the Committee will be appointed for one-year terms and shall serve for such term or until their successors are duly appointed, subject to their earlier resignation, retirement, or removal by the Board. The Board may fill vacancies on the Committee and remove a member of the Committee at any time with or without cause. No members of the Committee shall be removed except by majority vote of the independent directors of the Board then in office.

## **Meetings and Procedures**

**A. Frequency**

The Committee shall meet when, where and as often as it may deem necessary and appropriate in its judgment. Members of the Committee may participate in a meeting of the Committee in person or by means of a telephone conference or similar means by which all persons participating in a meeting can hear one another, and such participation in a meeting will constitute presence in person at the meeting. A majority of the members of the Committee shall constitute a quorum. Any member of the Committee shall have the right to call a special meeting of the Committee.

**B. Non-Committee Member Attendees**

The Committee may request that any directors, officers or employees of the Company, or other persons whose advice and counsel are sought by the Committee, attend any meeting to provide such information as the Committee requests.

**C. Conduct of Meetings**

The Committee shall fix its own rules of procedure, which shall be consistent with the Bylaws of the Company and this Charter.

**D. Minutes**

A member of the Committee, a designee of the Committee or the Company's Secretary shall keep written minutes of Committee meetings, which minutes shall be maintained with the books and records of the Company.

**E. Delegation of Authority**

The Committee may delegate authority to one or more members of the Committee when appropriate, but no such delegation shall be permitted if the authority is required by law, regulation, listing standard or the Company's Articles of Incorporation or Bylaws to be exercised by the Committee as a whole.

*Adopted: October 29, 2003*

*Last Approved: October 28, 2009*